

SECURITY AGREEMENT

8354
REGISTRATION NO. 8354
JUN 4 1976 - 11 42 AM
INTERSTATE COMMERCE COMMISSION

AGREEMENT dated as of May 31, 1976, by
PICKENS RAILROAD COMPANY, a South Carolina
corporation (said corporation being here-
inafter called Pickens), in favor of FIRST
SECURITY STATE BANK, a state banking cor-
poration, not in its individual capacity but
solely as Trustee pursuant to a Trust Agree-
ment dated as of March 15, 1975, with ITEL
Leasing International, Inc. (said Trustee
being hereinafter called the Trustee).

W I T N E S S E T H :

WHEREAS, pursuant to the terms of that certain Lease
of Railroad Equipment dated as of March 15, 1975 (the Lease), with
the Trustee, Pickens agreed to deliver a security interest in twelve
(12) new and unused standard gauge railroad boxcars; and

WHEREAS, Pickens desires to give the Trustee a secu-
rity interest in one of such boxcars recently purchased by Pickens;

NOW, THEREFORE, Pickens hereby agrees as follows:

1. Creation of Security Interest. In considera-
tion of the financial accommodations given, to be given, or continued
by means of the lease financing described above, Pickens hereby
creates in favor of the Trustee a security interest in the Collateral

described in Paragraph 2 immediately below.

2. Collateral. The Collateral of this Security Agreement is each and all the boxcars of the following description:

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
70-ton, 50-foot 6-inch freight (box) cars	1	PICK 55409

and all additions and accessions thereto, substitutions thereof and all proceeds from their sale or other disposition.

3. Title Representation. Pickens represents and warrants that it has good title to the Collateral and that there is no other security interest, lien or encumbrance in or on the Collateral nor will any other security interest, lien or encumbrance be allowed by it to attach against the Collateral during the continuance of this Agreement.

4. Obligation of Pickens. Pickens will pay to the Trustee all sums due and perform all covenants which it is obligated to pay and perform under the Lease.

5. Location of Collateral. The Collateral will be kept at all times within the boundaries of the United States of America, will be kept open to inspection by or on behalf of the

Trustee at reasonable times and places and, subject to the provisions of this Agreement, shall not be removed from the United States of America unless Pickens notifies the Trustee in writing, the Trustee consents in writing in advance of its removal to another location, and Pickens performs, at its own expense, all acts necessary to assure that the Trustee will have a perfected security interest in the Collateral in such other location.

6. Covenants. Pickens covenants and represents as follows:

(a) Pickens will warrant and defend the Collateral against the claims and demands of all persons and the Collateral will remain railroad property subject to the jurisdiction of the Interstate Commerce Commission.

(b) Pickens agrees that, at its own cost and expense, it will maintain and keep each unit of Leased Equipment in good order and repair, ordinary wear and tear excepted.

(c) Pickens shall not dispose of the Collateral or any interest therein except as authorized in this Agreement or in writing by the Trustee, and Pickens shall keep the Collateral free from unpaid charges, including taxes, and from liens, encumbrances, and security interests.

(d) Pickens shall execute alone or with the Trustee a financing statement or other document or procure any document, and pay all connected costs, necessary to protect the security in-

terests of the Trustee in this Agreement against the interests of third persons.

7. Default. Any misrepresentation or misstatement in connection with this Agreement on the part of Pickens or any noncompliance or nonperformance of Pickens' obligations hereunder shall constitute a default. In addition, Pickens shall be in default if a proceeding under any of the provisions of the Bankruptcy Act shall be instituted by or against Pickens or an application shall be made for the appointment of a receiver of Pickens' property, or if Pickens shall make an assignment for the benefit of creditors or if a meeting of Pickens' creditors shall be called, or if any of Pickens' property shall be attached.

8. Remedies and Governing Law. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all additional rights conferred by Section 20 C of the Interstate Commerce Act.

9. Inspection of Records. The Trustee may, at any reasonable time, enter upon Pickens' premises to inspect Pickens' books and records pertaining to the Collateral or its proceeds, and Pickens shall, if requested, in good faith assist the Trustee in making such inspection.

10. Benefits. No promises, agreements, representa-

tions or warranties shall be binding upon the Trustee unless made a part of this Agreement in writing. This Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, Pickens has executed this instrument on the day and year first above written.

PICKENS RAILROAD COMPANY

ATTEST:

BY:

O. Mouroe

BY:



Printed Name O. Mouroe

Title:

asst. Secretary

Title:

President

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

On this 31st day of May, 1976, before me personally appeared Orville Monroe, to me personally known, who, being by me duly sworn, says that he is President of PICKENS RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Elizabeth B. Wood
Notary Public

(Notarial Seal)

My Commission Expires: 5/6/81